JAGUAR MINING INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

(UNAUDITED)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited and expressed in thousands of US dollars)

		June 30, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents		**$ 5,197**	$ 6,275
Restricted cash	*Note 3*	**4,670**	5,262
Inventory	*Note 4*	**11,409**	12,136
Recoverable taxes	*Note 5*	**8,865**	10,421
Other accounts receivable	*Note 6*	**596**	566
Prepaid expenses and advances		**1,934**	1,920
Derivative assets	*Note 18*	**30**	331
Total current assets		**32,701**	36,911
Non-current assets			
Royalty interests	*Note 6*	**8,476**	8,476
Property, plant and equipment	*Note 7*	**119,467**	109,543
Mineral exploration projects		**6,687**	6,687
Recoverable taxes	*Note 5*	**7,873**	8,650
Other accounts receivable	*Note 6*	**5,000**	5,000
Restricted cash	*Note 3*	**3,907**	3,400
Total assets		**$ 184,111**	$ 178,667
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 15,640**	$ 17,506
Notes payable	*Note 8*	**13,736**	8,119
Right-of-use lease liabilities	*Note 9*	**1,550**	1,381
Customer advances	*Note 10*	**7,000**	7,000
Current tax liability		**66**	-
Other taxes payable		**437**	503
Reclamation provisions		**311**	335
Legal and other provisions	*Note 11*	**5,020**	3,871
Derivative liabilities	*Note 18*	**2,032**	607
Total current liabilities		**45,792**	39,322
Non-current liabilities			
Notes payable	*Note 8*	**233**	225
Right-of-use lease liabilities	*Note 9*	**824**	18
Other taxes payable		**9,845**	9,749
Reclamation provision		**15,750**	14,977
Legal and other provisions	*Note 11*	**7,691**	7,610
Other liabilities		**3,752**	2,910
Total liabilities		**$ 83,887**	$ 74,811
SHAREHOLDERS' EQUITY			
Common shares		**$ 546,254**	$ 546,254
Stock options	*Note 12*	**872**	726
Deferred share units	*Note 12*	**1,775**	1,577
Contributed surplus		**20,940**	20,940
Deficit		**(469,617)**	(465,641)
Total shareholders' equity		**$ 100,224**	$ 103,856
Total liabilities and shareholders' equity		**$ 184,111**	$ 178,667
Subsequent events	*Notes 8, 18, 19*		
Going concern	*Note 1*		

On behalf of the Board:

(signed) "Thomas Weng" *(signed) "Benjamin Guenther"*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

For the three and six months ended June 30, 2019 and 2018

(Unaudited and expressed in thousands of US dollars, except per share amounts and number of shares)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2019	2018	**2019**	2018
Revenue		**$ 23,923**	$ 22,888	**$ 45,339**	$ 48,116
Operating costs	*Note 14*	**14,627**	12,356	**29,246**	27,755
Depreciation		**3,499**	4,407	**7,109**	9,293
Gross profit		**5,797**	6,125	**8,984**	11,068
Exploration and evaluation costs		**50**	151	**92**	484
Care and maintenance costs (Paciência and Roça Grande mines)		**224**	479	**527**	1,407
Stock-based compensation	*Note 12(a)(b)*	**215**	130	**344**	521
General and administrative expenses		**2,172**	2,551	**4,340**	4,847
Amortization		**34**	42	**68**	85
Changes in other provisions and VAT taxes		**774**	847	**1,983**	1,483
Other operating expenses		**761**	1,957	**1,219**	2,574
Operating income (loss)		**1,567**	(32)	**411**	(333)
Foreign exchange loss (gain)		**436**	(1,575)	**303**	(1,286)
Financial instruments loss		**1,997**	1,639	**2,042**	1,741
Finance costs		**1,118**	1,355	**1,966**	2,131
Other non-operating expenses		**86**	91	**9**	173
(Loss) before income taxes		**(2,070)**	(1,542)	**(3,909)**	(3,092)
Current income tax expense		**67**	(208)	**67**	23
Net (loss)		**$ (2,137)**	$ (1,334)	**$ (3,976)**	$ (3,115)
Total comprehensive (loss)		**$ (2,137)**	$ (1,334)	**$ (3,976)**	$ (3,115)
Earnings per share	*Note 13*				
Loss per share					
Basic and diluted		**$ (0.01)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Weighted average shares outstanding					
Basic and diluted		**328,505,674**	325,115,403	**328,505,674**	325,115,403

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and six months ended June 30, 2019 and 2018

(Unaudited and expressed in thousands of US dollars)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2019	2018	**2019**	2018
OPERATING ACTIVITIES					
Net income (loss) for the period		**$ (2,137)**	$ (1,334)	**$ (3,976)**	$ (3,115)
Adjustments and non-cash items					
Depreciation and amortization		**3,533**	4,450	**7,177**	9,378
Accretion interest expense		**328**	617	**655**	943
Interest expense		**790**	1,074	**1,311**	1,523
Unrealized foreign exchange loss (gain)		**109**	(1,751)	**(99)**	(1,964)
Current income tax expense (recovery)		**67**	(208)	**67**	23
Other tax expense		**7**	2,382	**31**	2,382
Change in unrealized derivatives		**1,761**	604	**1,726**	757
Change in legal provisions	*Note 11*	**1,885**	1,092	**2,909**	1,605
Other operating activities (recoveries) expense		**(348)**	(16)	**(336)**	691
Changes in working capital	*Note 15*	**1,510**	(2,450)	**563**	(2,785)
Net cash provided by operating activities		**7,505**	4,460	**10,028**	9,438
INVESTING ACTIVITIES					
Mineral exploration projects		**-**	(85)	**-**	(158)
Purchase of property, plant and equipment		**(8,053)**	(7,745)	**(14,926)**	(14,570)
Proceeds from disposition of property, plant and equipment		**53**	-	**57**	132
Net cash (used in) investing activities		**(8,000)**	(7,830)	**(14,869)**	(14,596)
FINANCING ACTIVITIES					
Cash received upon issuance of shares via private placement		**-**	2,475	**-**	2,475
Cash received upon issuance of debt	*Note 8*	**-**	-	**7,340**	-
Cash received upon issuance of customer advances		**-**	7,000	**-**	7,000
Repayment of debt		**(2,134)**	(9,160)	**(3,391)**	(11,904)
Restricted cash margin deposits paid		**-**	(2,000)	**-**	(2,000)
Interest paid		**(368)**	(219)	**(588)**	(475)
Net cash (used in) provided by financing activities		**(2,502)**	(1,904)	**3,361**	(4,904)
Effect of exchange rate changes on cash and cash equivalents		**327**	175	**402**	678
Net (decrease) in cash and cash equivalents		**(2,670)**	(5,099)	**(1,078)**	(9,384)
Cash and cash equivalents at the beginning of the period		**7,867**	14,343	**6,275**	18,628
Cash and cash equivalents at the end of the period		**$ 5,197**	$ 9,244	**$ 5,197**	$ 9,244

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three and six months ended June 30, 2019 and 2018

(Unaudited and expressed in thousands of US dollars)

	Common Shares		Warrants		Stock Options		Deferred Share Units		Contributed Surplus	Deficit	Total Equity
	Shares	Amount	Units	Amount	Options	Amount	Units	Amount			
Balance as at January 1, 2018	325,115,403	$ 545,693	3,073,411	$ 94	9,445,581	$ 922	2,793,964	$ 1,018	$ 20,332	$ (449,673)	$ 118,386
Stock options granted	-	-	-	-	1,574,000	96	-	-	-	-	96
Stock options forfeited	-	-	-	-	(801,437)	(17)	-	-	17	-	-
Deferred share units granted	-	-	-	-	-	-	2,463,000	424	-	-	424
Deferred share units forfeited	-	-	-	-	-	-	(342,302)	(1)	1	-	-
Net loss	-	-	-	-	-	-	-	-	-	(3,115)	(3,115)
Balance as at June 30, 2018	325,115,403	$ 545,693	3,073,411	$ 94	10,218,144	$ 1,001	4,914,662	$ 1,441	$ 20,350	$ (452,788)	$ 115,791
Balance as at January 1, 2019	328,505,675	$ 546,254	-	$ -	2,817,148	$ 726	5,670,768	$ 1,577	$ 20,940	$ (465,641)	$ 103,856
Stock options granted	-	-	-	-	2,850,000	146	-	-	-	-	146
Deferred share units granted	-	-	-	-	-	-	-	198	-	-	198
Net loss	-	-	-	-	-	-	-	-	-	(3,976)	(3,976)
Balance as at June 30, 2019	**328,505,675**	**$ 546,254**	**-**	**$ -**	**5,667,148**	**$ 872**	**5,670,768**	**$ 1,775**	**$ 20,940**	**$ (469,617)**	**$ 100,224**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of business and going concern

Jaguar Mining Inc. (the “Company” or “Jaguar”) is a corporation continued under the *Business Corporations Act* (Ontario) engaged in the acquisition, exploration, development, and operation of gold producing properties in Brazil. The address of the Company’s registered and principal executive office is 100 King Street West, Suite 5600, Toronto, Ontario, Canada, M5X 1C9.

The Company’s condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2019 and 2018, include the accounts of the Company and its wholly-owned subsidiary Mineração Serras do Oeste Ltda. (“MSOL”). All significant intercompany accounts and transactions have been eliminated on consolidation.

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements do not include all annual disclosures as required by International Financial Reporting Standards (“IFRS”), and should be read in connection with the Company’s December 31, 2018 audited annual consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on August 14, 2019.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due.

The Company incurred a net loss of $2.1 million and $4.0 million for the three and six months ended June 30, 2019 ($1.3 million net loss and $3.1 million net loss, respectively, for the three and six months ended June 30, 2018). As at June 30, 2019, the Company has a working capital deficiency of $13.1 million (December 31, 2018 – $2.4 million) and an accumulated deficit of $469.6 million (December 31, 2018 –$465.6 million).

Subsequent to quarter end, on July 8, 2019, the Company closed a non-brokered private placement equity offering for aggregate net proceeds of $24.6 million. On July 15, 2019, $7.9 million was used to repay the Auramet bridge facility loan and $1.6 million was used to repay a short-term outstanding loan to a Brazilian Bank. The remaining $15.1 million funds are planned for (i) capital improvements and infrastructure, (ii) advancing mineral exploration activities in order to increase reserves, (iii) general corporate and working capital improvement purposes and to meet the Company’s commitments as disclosed in note 16.

Following the equity offering, the Company has a positive working capital and no senior secured debt. However, the management acknowledges that the Company is in early stages of implementing a turnaround plan at Turmalina mine, which will require investments in development and sustaining capital in the short term. Until such a turnaround plan is executed, the inconsistent mining results at Turmalina mine present challenges to maintaining optimum production levels. Whilst the Company has instituted measures to preserve cash, improve operations and is seeking to secure additional financing, these circumstances create uncertainties over future results and cash flows.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations or exploration programs will result in profitable mining operations. This fact, along with the factors discussed in the preceding paragraphs results in a material uncertainty that casts significant doubt as to the Company’s ability to continue to operate as a going concern. The recoverability of the carrying value of property, plant and equipment and mineral exploration projects is dependent upon the success of the above operating, exploration and financing activities and the future gold price. Changes in future conditions could require material write-downs of the carrying value of property, plant and equipment and mineral exploration projects.

If the going concern assumption was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications used, and such adjustments could be material. These condensed interim consolidated financial statements do not include any adjustment to the carrying amount, or classification of assets and liabilities, if the Company was unable to continue as a going concern.

2. Significant accounting policies and estimates

The accounting policies and estimates applied in these condensed interim consolidated financial statements are consistent with those used in the Company's audited annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of the following standards amended by the IASB that were effective and adopted as of January 1, 2019:

- IFRS 16 Leases ("IFRS 16") – In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases. The Company adopted IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach, as detailed in Note 9. Under the modified retrospective approach, the Company recognizes transition adjustments, if any, in retained earnings on the date of initial application (January 1, 2019), without restating the financial statements on a retrospective basis. For comparative periods prior to 2019, the Company applied leases policies in accordance with IAS 17, Leases (IAS 17) and IFRIC 4, Determining Whether an Arrangement Contains a Lease (IFRIC 4). Note 9 outlines the effect of adopting IFRS 16 requirements on January 1, 2019. The following leases accounting policies have been applied as of January 1, 2019 on adoption of IFRS 16.

  The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of operations and comprehensive income (loss) on a straight-line basis over the lease term.

  At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company then assesses (i) whether the contract involves the use of an identified asset, (ii) whether it has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and (iii) if it has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the consideration in the contract is allocated to each lease component proportionally on the basis of their relative standalone prices.

  As a lessee, the Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a right-of-use lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the right-of-use lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

  The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the right-of-use lease liability.

- IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23") – On June 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation seeks to bring clarity to the accounting for income tax that have yet to be accepted by tax authorities and provides requirements, in addition to the requirements in IAS 12 Income Taxes, by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier adoption permitted. The adoption of IFRIC 23 did not affect the financial results or disclosures in the Company's consolidated financial statements.

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

3. Restricted cash

Restricted cash consists of escrow judicial deposits related to the Company's labour and civil litigation (Note 11) and a $2 million margin deposit with Auramet International LLC, pursuant to the customer advance agreement with Auramet (Note 10).

4. Inventory

Inventory is comprised of the following:

	June 30, 2019	December 31, 2018
Raw material	**$ 2,951**	$ 2,616
Mine operating supplies	**4,873**	4,636
Ore in stockpiles	**357**	169
Gold in process	**908**	1,522
Unrefined gold doré	**2,320**	3,193
Total inventory	**$ 11,409**	$ 12,136

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2019	2018	**2019**	2018
Depreciation included in cost of sales	**$ 3,499**	$ 4,407	**$ 7,109**	$ 9,293

The inventory amount recognized in direct mining and processing costs for the three and six months ended June 30, 2019 was $13.8 million and $27.5 million, respectively ($11.5 million and $26.0 million, respectively, during three and six months ended June 30, 2018). During the three and six months ended June 30, 2019, there were no inventory write downs to net realizable value ($nil and $nil, during the three and six months ended June 30, 2018).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

5. Recoverable taxes

	December 31, 2018	Additions/ reversals	Write-off & sales of credits	Applied to taxes payable	Foreign exchange	June 30, 2019
Value added taxes and other	$ 11,697	$ 2,871	$ -	$ (4,511)	$ 132	**$ 10,189**
Provision for VAT and other	(1,152)	(20)	$ -	-	(15)	**(1,187)**
Net VAT and other taxes	$ 10,545	$ 2,851	$ -	$ (4,511)	$ 117	**$ 9,002**
ICMS[(a)]	$ 11,477	$ 1,758	$ (3,516)	$ (27)	$ 70	**$ 9,762**
Provision for ICMS	(2,951)	946	-	-	(21)	**(2,026)**
Net ICMS	$ 8,526	$ 2,704	$ (3,516)	$ (27)	$ 49	**$ 7,736**
Total recoverable taxes	**$ 19,071**	**$ 5,555**	**$ (3,516)**	**$ (4,538)**	**$ 166**	**$ 16,738**
Less: current portion	10,421					**8,865**
Non-current portion	$ 8,650					**$ 7,873**

a) In the three and six months ended June 30, 2019, the Company sold R$9.5 million and R$13.7 million (approximately $2.5 million and $3.6 million), respectively, in ICMS export tax credits, and the Company received approvals from the state tax authority for R$1.3 million and R$10.2 million, respectively (approximately $0.3 million and $2.6 million) in additional ICMS export tax credits authorized for sale. As at June 30, 2019, the Company held R$1.3 million (approximately $0.3 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2018 – R$5 million, approximately $1.3 million).

6. Other accounts receivable and royalty interests

	June 30, 2019	December 31, 2018
Due from Avanco Resources Limited - Gurupi Sale	**5,000**	5,000
Other accounts receivable	**596**	566
Total other accounts receivable	**$ 5,596**	$ 5,566
Less: current portion	**596**	566
Non-current portion	**$ 5,000**	$ 5,000

In connection with the 2017 sale of the Gurupi Project, Jaguar received an initial aggregate cash payment of $4 million, in two installments of $2 million each in September and October 2017. The Company will collect the additional $5 million from Avanco in a series of 10 instalments of $500,000, which the Company expects to occur starting in 2020, in the month in which Avanco receives “clear title and access” to the project. The net smelter royalties will be received throughout the life of mine of the Gurupi Project.

As at June 30, 2019, the Company held the following assets related to the Gurupi project sale: (i) a $5 million amount due from Avanco classified as Other accounts receivable (December 31, 2018 – $5 million) and (ii) a $8.5 million net smelter royalty receivable from Avanco classified as Royalty interests (December 31, 2018 – $8.5 million).

	June 30, 2019	December 31, 2018
Avanco - Gurupi	**$ 8,476**	$ 8,476
Total royalty interests	**$ 8,476**	$ 8,476

As at June 30, 2019, there were no indicators of impairment on Royalty interests (December 31, 2018 – $nil).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

7. Property, plant and equipment ("PP&E")

	Plant	Vehicles	Equipment[1]	Leasehold[2]	CIP[3]	Mining properties	Total
Cost							
Balance as at January 1, 2019	$ 13,578	$ 11,363	$ 241,662	$ 2,380	$ 2,678	$ 431,412	$ 703,073
Additions	-	-	2,752	-	1,075	12,234	16,061
Disposals	-	(166)	(401)	-	-	-	(567)
Reclassify within PP&E	-	-	2,063	-	(2,063)	-	-
Balance as at June 30, 2019	**$ 13,578**	**$ 11,197**	**$ 246,076**	**$ 2,380**	**$ 1,690**	**$ 443,646**	**$ 718,567**
Balance as at January 1, 2018	$ 13,578	$ 10,662	$ 238,782	$ 2,380	$ 3,532	$ 406,973	$ 675,907
Additions	-	250	1,781	-	1,436	24,439	27,906
Disposals	-	(487)	(1,044)	-	(122)	-	(1,653)
Reclassify within PP&E	-	938	1,230	-	(2,168)	-	-
Balance as at December 31, 2018	$ 13,578	$ 11,363	$ 240,749	$ 2,380	$ 2,678	$ 431,412	$ 702,160
Accumulated amortization and impairment							
Balance as at January 1, 2019	$ 12,196	$ 8,105	$ 214,913	$ 2,227	$ 685	$ 354,491	$ 592,617
Amortization for the period	141	109	3,853	2	-	2,639	6,744
Disposals	-	(161)	(100)	-	-	-	(261)
Balance as at June 30, 2019	**$ 12,337**	**$ 8,053**	**$ 218,666**	**$ 2,229**	**$ 685**	**$ 357,130**	**$ 599,100**
Balance as at January 1, 2018	$ 11,903	$ 8,238	$ 200,759	$ 2,230	$ 685	$ 341,915	$ 565,730
Amortization for the period	397	277	10,822	7	-	7,841	19,344
Impairment loss	(104)	(34)	4,161	(10)	-	4,735	8,748
Disposals	-	(376)	(829)	-	-	-	(1,205)
Balance as at December 31, 2018	$ 12,196	$ 8,105	$ 214,913	$ 2,227	$ 685	$ 354,491	$ 592,617
Carrying amounts							
As at June 30, 2019	**$ 1,241**	**$ 3,144**	**$ 27,410**	**$ 151**	**$1,005**	**$ 86,516**	**$ 119,467**
As at December 31, 2018	$ 1,382	$ 3,258	$ 25,836	$ 153	$1,993	$ 76,921	$ 109,543

[1] As at January 1, 2019 and following the Company's adoption of IFRS 16 Lease as detailed in Note 9, the Company had equipment under right-of-use leases at a cost and net book value of $5.4 million and $4.7 million, respectively. As at June 30, 2019, the Company had equipment under right-of-use leases at a cost and net book value of $6.8 million and $5.7 million, respectively (December 31, 2018 - $4.5 million and $3.8 million, respectively).

[2] Refers to leasehold improvements in corporate office in Brazil.

[3] Refers to construction in progress.

The Turmalina, Caeté, and Paciência projects are each cash generating units ("CGUs") which include property, plant and equipment, mineral rights, deferred exploration costs, and asset retirement obligations net of amortization. The CGUs also include mineral exploration project assets relating to properties not in production such as mineral rights and deferred exploration costs. A CGU is generally an individual operating mine or development project.

For the three and six months ended June 30, 2019, there were no indicators of impairment or reversal of past impairment charges ($nil and $nil, respectively, during the three and six months ended June 30, 2018).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

8. Notes payable

	June 30, 2019	December 31, 2018
Notes payable - current portion		
Bank indebtedness[(a)]	$ 5,085	$ 7,270
Vale note[(b)]	865	849
Auramet loan facility[(c)]	7,786	-
	13,736	8,119
Notes payable - non-current portion		
Vale note[(b)]	233	225
	233	225
Total notes payable	**$ 13,969**	$ 8,344

a) Bank indebtedness

As at June 30, 2019, bank indebtedness included $5.1 million in unsecured promissory notes, holding maturities from July 2019 through December 2019 and bearing interest rates ranging from 6.5% to 8.4%. As at December 31, 2018, bank indebtedness included $7.2 million in unsecured promissory notes, holding maturities from April 2019 through June 2019 and bearing interest rates ranging from 6.5% to 8.4%.

b) Vale note

The Vale note was generated in 2008, by the purchase of mineral rights regarding the Caeté Project for $13.3 million ("Vale Purchase Agreement"). Payment under the Vale Purchase Agreement was subject to satisfaction of certain conditions including perfection of the transfer of the mineral rights before the *Departamento Nacional de Produção Mineral* ("DNPM"). During 2010, the Company paid $3.2 million. In November 2014, the agreement was amended whereby the Company agreed to waive certain mineral rights expected to be transferred under the purchase agreement as they had not been duly conveyed. Accordingly, the outstanding indebtedness amount was reduced from $9.0 million to $3.0 million, payable in twelve installments of $250,000, maturing December and July of every year, until fully paid in 2020. The first installment was paid in December 2014. The balance outstanding as at June 30, 2019 was $1.1 million ($1.1 million as at December 31, 2018).

The note payable is recognized at its amortized cost of $1.1 million, and the discount of $26,000 is being accreted monthly using the effective interest method and applying Brazil's risk-free interest rate (SELIC), which was 6.50% at June 30, 2019 (December 31, 2018 – 6.50%).

c) Auramet loan facility

On March 15, 2019, the Company entered into a senior secured loan facility ("Auramet loan facility") agreement with lender Auramet International LLC totaling $7.9 million to fund working capital. The Auramet loan facility was provided by security agreements comprising the Company's and MSOL's present and future assets, the shares of MSOL, and a loan guarantee by MSOL. As per the agreement, interest was prepaid and non-reimbursable in the amount of $350,000, and principal is due at maturity on July 15, 2019. The Auramet loan facility includes a covenant which requires the Company to maintain a minimum net cash balance of $3 million.

To obtain the Auramet loan facility, the Company incurred transaction costs, including $79,000 in upfront fees due to Auramet and $82,000 in legal and technical due diligence costs, and awarded Auramet a set of European style gold call options whereby Auramet holds an option to purchase up to 5,000 ounces of gold at a strike price of US$1,350 per ounce, expiring January 2020.

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

As at and for the six months ended June 30, 2019, the Company was in compliance with its minimum net cash balance covenant requirement on the Auramet loan facility, the Auramet loan facility was a financial liability initially measured at fair value and subsequently measured at amortized cost using the effective interest method, and the associated call options remained outstanding, as further detailed in Note 18(b).

Subsequent to period end, more specifically on July 8, 2019, the Company closed a non-brokered private placement offering and issued a combined total of 394,117,647 common shares at a price of C$0.085 per share in exchange for aggregate gross proceeds of $25.0 million. The Company incurred $394,000 in transaction costs associated with the offering, including finders fees, legal fees, and financial advisory fees. On July 15, 2019, the Company fully repaid the Auramet loan facility's $7.9 million remaining balance due.

9. Right-of-use leases

As part of the initial application of IFRS 16, the Company elected to apply the following practical expedients:

- leases with a term ending within 12 months of the date of initial application and leases of low value assets are not recognized;
- for existing contracts, the previous determination has been maintained as to whether a contract contains a lease pursuant to IAS 17 and IFRIC 4;
- leases are evaluated and determined as onerous contracts according to management's assessment as an alternative to an impairment review; and
- initial direct costs from the right-of-use asset are excluded.

Below is a reconciliation of the lease commitments disclosed at December 31, 2018 in the Company's consolidated financial statements and the lease liability recognized as a result of the adoption of IFRS 16 on January 1, 2019. When measuring the value of the lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average discount rate applied is 10.41%.

Operating lease commitment at December 31, 2018	**$**	**46**
IFRS 16 adoption - qualified lease recognition		**1,043**
Operating leases at December 31, 2018 deemed to be leases at January 1, 2019	**$**	**1,089**
Discounted using the incremental borrowing rate at January 1, 2019		**(176)**
Finance lease liabilities previously recognized as at December 31, 2018		**1,399**
Right-of-use lease liabilities recognized at January 1, 2019	**$**	**2,312**

a) Right-of-use assets

The Company's significant lease arrangements include contracts for leasing mining equipment. As at June 30, 2019, $5.7 million of right-of-use assets are recorded as property, plant and equipment (Note 7).

Capital lease equipment, net book value at December 31, 2018	**$**	**3,775**
IFRS 16 adoption - qualified right-of-use asset recognition		**913**
Right-of-use assets at January 1, 2019	**$**	**4,688**
Additions		**1,415**
Amortization		**(430)**
Right-of-use assets, net book value at June 30, 2019	**$**	**5,673**

b) Right-of-use lease liabilities

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

The Company has acquired certain equipment through the assumption of right-of-use lease obligations. These obligations are secured by promissory notes. The following table outlines the total minimum loan payments due for right-of-use lease obligations over their remaining terms as at June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Less than 1 year	**1,672**	1,430
1 - 3 years	**713**	33
3 - 5 years	**191**	-
Total minimum loan payments	**2,576**	1,463
Less: Future finance charges	**(202)**	(64)
Present value of minimum loan payments	**$ 2,374**	$ 1,399
Less: current portion	**1,550**	1,381
Non-current portion	**$ 824**	$ 18

10. Customer advances

	June 30, 2019	December 31, 2018
Auramet International LLC	**$ 7,000**	$ 7,000
Total customer advances	**$ 7,000**	$ 7,000

a) Auramet advance

On May 9, 2018, the Company entered into an agreement with Auramet International LLC for an unsecured customer advance (“Auramet advance”) in the form of a gold purchase and sale agreement whereby Auramet extended up to $7 million in minimum prepayment amounts each of $1 million to Jaguar. As part of the agreement, the Company is required to maintain a $2 million margin deposit with Auramet. Funds advanced under the Auramet advance are subject to interest at 1-month LIBOR + 7.5%, and hold a covenant to maintain a minimum net cash balance of $5 million, including the margin deposit. The Auramet advance requires settlement in full at maturity on October 31, 2019.

On May 9, 2018, the Company also agreed to a European style gold call options agreement with Auramet whereby the company granted Auramet an option to purchase up to 7,000 ounces of gold (1,000 ounces per month) at a strike price of US$1,450 per ounce on expiration dates maturing monthly between May 2019 and November 2019.

For the six months ended June 30, 2019, 2,000 ounces in call options expired and were not exercised by Auramet, the Company remained in compliance with the minimum net cash balance covenant requirement on the Auramet advance, and at June 30, 2019 3,000 call options remained outstanding with expiration dates maturing monthly between July 2019 and November 2019, as further detailed in Note 18(b).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

11. Contingent liabilities

	December 31, 2018	Additions	Reversals	Payments	Foreign exchange	June 30, 2019
Labour litigation	$ 9,756	$ 3,364	$ (485)	$ (1,790)	$ 92	**$ 10,937**
Civil litigation	1,432	51	(52)	-	16	**1,447**
Other provisions	293	31	-	-	3	**327**
Total legal and other provisions	$ 11,481	$ 3,446	$ (537)	$ (1,790)	$ 111	**$ 12,711**
Less: current portion	3,871					**5,020**
Non-current portion	$ 7,610					**$ 7,691**

12. Capital stock

a) Stock options

The Stock Option Plan ("SOP") provides for the issuance of options to employees, directors, or officers of the Company or any of its subsidiaries or affiliates, consultants, and management employees.

The aggregate number of shares available at all times for issuance under the SOP shall not exceed 10% of the total issued and outstanding common shares of the Company (calculated on a non-diluted basis). Any option, which has been exercised, cancelled or forfeited, will again be available for grant under the SOP. The Board of Directors has the power to determine terms of any options and units granted under the Company's incentive plans, including setting exercise prices, vesting terms and expiry dates.

The following table shows the movement of stock options for the six months ended June 30, 2019 and 2018:

	Number of options	Weighted average exercise price (C$)
Balance as at December 31, 2018	2,817,148	$ 0.97
Options granted[1]	2,850,000	0.10
Options forfeited[3]	(10,667)	0.14
Balance as at June 30, 2019	**5,656,481**	**$ 0.53**
Balance as at December 31, 2017	9,445,581	$ 0.36
Options granted[2]	1,574,000	0.37
Options forfeited[3]	(801,437)	0.51
Balance as at June 30, 2018	**10,218,144**	**$ 0.35**

1) On May 31, 2019, 1,250,000 stock options were granted to executives of the Company. The options are exercisable at a price of C$0.10 and expire on May 31, 2027. The options vest on a quarterly basis, in twelve equal instalments, starting on August 31, 2019 and are exercisable upon vesting. These options had a grant date fair value of C$0.045 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C$0.10, a risk free rate of 1.48%, a volatility factor of 69%, and an expected life of 4.0 years.

On May 31, 2019, 1,600,000 stock options were granted to directors of the Company and are exercisable at a price of C$0.10 with expiry on May 31, 2027. These options had a grant date fair value of C$0.045 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C$0.10, a risk free rate of 1.48%, a volatility factor of 69%, and an expected life of 4.0 years. Of these options, 1,200,000 vested immediately upon resolution approval on May 31, 2019 and 400,000 vest monthly in six equal instalments starting on June 30, 2019. On May 31, 2019, the Company approved an extension of the exercise period applicable to all stock options held by directors, whereas all vested options may be exercised up to one year following the retirement of such directors.

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

2) On January 23, 2018, 1,574,000 stock options were granted to executives of the Company. The options are exercisable at a price of C$0.37 and expire on January 23, 2026. The options vest on a quarterly basis, in twelve equal instalments, starting on April 23, 2018 and are exercisable upon vesting. These options had a grant date fair value of C$0.23 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C$0.37, a risk free rate of 1.88%, a volatility factor of 110%, and an expected life of 3.0 years.

3) Relates to the forfeiture of the options of former executives upon contract termination.

The table below shows the outstanding stock options as at June 30, 2019:

Weighted average exercise price (C$)	Grant date	Number of options outstanding	Number of options exercisable	Estimated fair value at grant date (US$ per option)	Expiry date
$ 1.35	May 12, 2014	236,841	236,841	$ 0.38	May 12, 2022
1.35	October 8, 2014	75,000	75,000	0.19	October 8, 2019
-	December 16, 2015	-	-	0.05	December 16, 2020
0.74	August 8, 2016	177,363	177,363	0.34	August 8, 2021
0.76	November 7, 2016	322,637	295,751	0.37	November 7, 2021
0.70	January 27, 2017	209,640	157,230	0.36	January 27, 2025
0.33	September 21, 2017	200,000	116,667	0.22	September 21, 2022
0.37	January 23, 2018	570,000	237,500	0.20	January 23, 2026
0.21	August 31, 2018	1,015,000	560,000	0.11	August 23, 2026
0.10	May 31, 2019	2,850,000	1,537,499	0.03	May 31, 2027
$ 0.30		**5,656,481**	**3,393,851**	**$ 0.13**	

The following table is a summary of stock options outstanding during the six months ended June 30, 2019 and 2018, the fair values and the weighted average assumptions used in the Black-Scholes option pricing formula:

	Number of options	Exercise Price (C$)	Dividend yield	Risk-free interest rate	Forfeiture rate	Expected life (years)	Volatility factor	Fair value (US$)
Stock options 2019	**5,656,481**	**$ 0.30**	**-**	**1.00%**	**0%**	**3.75**	**88%**	**$ 0.13**
Stock options 2018	10,218,144	$ 0.35	-	1.00%	0%	3.69	77%	$ 0.12

The expected volatility was estimated using the Company's historical data from the date of grant and for a period corresponding to the expected life of the options. For the three and six months ended June 30, 2019, the Company recognized $98,000 and $146,000, respectively, in stock-based compensation expense for stock options in the condensed interim consolidated statements of operations and comprehensive income (loss) ($37,000 and $113,000, respectively, for the three and six months ended June 30, 2018).

b) Deferred share units – "DSUs"

The deferred share unit plan ("DSU Plan") provides awards to employees, directors, or officers of the Company. DSU means a right to receive, on a deferred basis, previously unissued shares in accordance with the terms of the DSU Plan. Vested DSUs shall be redeemed in whole or in part for shares issued from treasury or, subject to the approval of the Company, cash. The Company accounts for these awards as equity awards. The maximum number of shares reserved for issuance under the DSU Plan, at any time, shall be 11,111,111.

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

The following table shows the movement of DSUs for the six months ended June 30, 2019 and 2018:

	Number of units	Weighted average grant date fair value
Balance as at December 31, 2018	5,670,768	$ 0.28
Units granted[1]	2,120,000	0.07
Units forfeited[3]	(7,083)	0.16
Balance as at June 30, 2019	**7,783,685**	**$ 0.22**
Balance as at December 31, 2017	2,793,964	$ 0.42
Units granted[2]	2,463,000	0.29
Units forfeited[3]	(342,302)	0.37
Balance as at June 30, 2018	**4,914,662**	**$ 0.36**

1) On May 31, 2019 the Company granted a total of 2,120,000 DSUs to directors and executives of the Company in three forms, holding a total grant date fair value of $141,000, measured at US$0.07/share, as follows:

i. 990,000 time-vested DSUs were granted to the Company's non-executive directors, attributing 165,000 to each, all of which vested immediately upon resolution approval. These DSUs are redeemable upon retirement and up to one year following the retirement of such directors.

ii. 400,000 time-vested DSUs were granted to the director and interim CEO of the Company, 50% of which vested immediately upon resolution approval, and 50% of which vested monthly in six equal instalments starting on June 30, 2019. These DSUs granted are redeemable upon vesting.

iii. 730,000 time-vested DSUs were granted to officers and executives of the Company, vesting on a quarterly basis, in twelve equal instalments, starting on March 31, 2019. These DSUs granted are redeemable upon vesting.

On May 31, 2019, the Company approved an extension of the redemption period applicable to all DSUs granted to and held by directors, whereas all vested DSUs may be redeemed during the period of up to one year following the retirement of such directors.

2) On January 23, 2018, the Company granted 191,000 deferred shared units ('DSUs') to each of the non-executive directors, totalling a grant of 1,337,000 DSUs, 50% of which vested immediately, with the remaining 50% vesting July 28, 2018. The DSUs are exercisable upon the retirement of such directors. In addition, the Company granted executives of the Company 563,000 time-vested DSUs, that vest on a quarterly basis, in twelve equal instalments, starting on April 23, 2018, and 563,000 performance-vested DSUs, that shall vest if the Company's stock price reaches C$1.00 measured on a 5-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days. The DSUs granted to executives of the Company are exercisable upon vesting. The DSUs granted in January 2018 had a total grant date fair value of $714,000, measured at US$0.29/share.

For three and six months ended June 30, 2019, the Company recognized $117,000 and $198,000 in stock-based compensation expense for DSUs in the condensed interim consolidated statements of operations and comprehensive income (loss) ($93,000 and $424,000, respectively, for the three and six months ended June 30, 2018).

13. Basic and diluted earnings per share

Dollar amounts and share amounts in thousands, except per share amounts.

	Three Months Ended June 30,		Six Months Ended June 30,	
			2019	2018
Numerator				
Net (loss) - basic and diluted	**$ (2,137)**	$ (1,334)	**$ (3,976)**	$ (3,115)
Net (loss) for the purpose of diluted income (loss) per share	**$ (2,137)**	$ (1,334)	**$ (3,976)**	$ (3,115)
Denominator				
Weighted average number of common shares outstanding - basic and diluted	**328,505,674**	325,115,403	**328,505,674**	325,115,403
Basic and diluted (loss) per share	**$ (0.01)**	$ (0.00)	**$ (0.01)**	$ (0.01)

The determination of the weighted average number of common shares outstanding for the calculation of diluted earnings per share does not include the following effect of options, deferred shares units since they are anti-dilutive to loss per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	**2019**	2018
Stock options	**4,716,921**	10,555,796	**3,772,283**	10,538,739
Deferred share units	**7,084,784**	5,047,371	**6,381,682**	4,783,758
Warrants	**-**	3,073,411	**-**	3,073,411
Anti-dilutive instruments	**11,801,705**	18,676,578	**10,153,965**	18,395,908

14. Operating costs

		Three Months Ended June 30,		Six Months Ended June 30,	
		2019	2018	**2019**	2018
Direct mining and processing costs	*Note 4*	**$ 13,778**	$ 11,506	**$ 27,452**	$ 25,965
Royalty expense and CFEM taxes		**753**	712	**1,691**	1,638
Other		**96**	138	**103**	152
Operating costs		**$ 14,627**	$ 12,356	**$ 29,246**	$ 27,755

15. Cash flow – changes in working capital

		Three Months Ended June 30,		Six Months Ended June 30,	
		2019	2018	**2019**	2018
Restricted cash		**$ 249**	$ 609	**$ 35**	$ (184)
Inventory		**(517)**	(885)	**294**	174
Recoverable taxes		**2,336**	(1,151)	**3,424**	480
Other accounts receivable		**3**	18	**(30)**	25
Prepaid expenses and other assets		**109**	457	**(14)**	218
Derivative assets		**-**	(611)	**-**	(611)
Accounts payable and accrued liabilities		**165**	(931)	**(2,126)**	(2,300)
Taxes payable		**-**	(4)	**-**	(4)
Other taxes payable		**(20)**	-	**(42)**	-
Reclamation provisions		**(5)**	(30)	**(28)**	(95)
Derivative liabilities		**-**	930	**-**	930
Legal and other provisions	*Note 11*	**(1,165)**	(852)	**(1,790)**	(1,418)
Other liabilities		**355**	-	**840**	-
Changes in working capital		**$ 1,510**	$ (2,450)	**$ 563**	$ (2,785)

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

16. Financial liabilities and other commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining undiscounted contractual maturities of the Company's financial liabilities and other commitments:

As at June 30, 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities[1]	$ 15,640	$ -	$ -	$ -	**$ 15,640**
Other Taxes Payable					
ICMS Settlement Due	427	898	412	-	**1,737**
INSS	88	176	110	-	**374**
Withholding taxes	-	8,170	-	-	**8,170**
Notes payable					
Principal					
Bank indebtedness[2]	5,085	-	-	-	**5,085**
Vale note	875	250	-	-	**1,125**
Auramet loan facility	7,786	-	-	-	**7,786**
Interest	139	23	-	-	**162**
Right-of-use lease liabilities	1,672	713	191	-	**2,576**
Reclamation provisions[3]	311	5,887	7,755	8,041	**21,995**
Derivative liabilities	2,032	-	-	-	**2,032**
Other liabilities	-	3,752	-	-	**3,752**
Total financial liabilities	$ 34,055	$ 19,869	$ 8,468	$ 8,041	**$ 70,434**
Other Commitments					
Customer advances					
Principal					
Auramet advance	$ 5,000	$ -	$ -	$ -	**$ 5,000**
Interest	311	-	-	-	**311**
Suppliers' agreements[4]	223	-	-	-	**223**
Total other commitments	$ 5,534	$ -	$ -	$ -	**$ 5,534**
Total	**$ 39,589**	**$ 19,869**	**$ 8,468**	**$ 8,041**	**$ 75,968**

[1] Amounts payable as at June 30, 2019.

[2] Bank indebtedness represents the principal on Brazilian short-term bank loans which are renewed in 180 day periods.

[3] Reclamation provisions - amounts presented in the table represent the undiscounted uninflated future payments for the expected cost of reclamation.

[4] Purchase obligations for supplies and consumables - includes commitments related to new purchase obligations to secure a supply of cyanide, reagents, mill balls and other spares. The Company has the contractual right to cancel the mine operation contracts with 30 days advance notice. The amount included in the commitments table represents the contractual amount due within 30 days.

17. Capital disclosures

The Company manages its capital structure in order to support the acquisition, exploration and development of mineral properties, and to maximize return to stakeholders through a flexible capital structure which optimizes the costs of capital and the debt and equity balance. The Company sets the amount of capital in proportion to risk by managing the capital structure and making adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To adjust or maintain its capital structure, the Company may adjust the amount of long-term debt, enter into new credit facilities, issue new equity, or enter into new customer advance arrangements.

As at June 30, 2019, the Company's capital structure is comprised of $14.0 million in notes payable (Note 8), $7.0 million in customer advances (Note 10), and $100.2 million in shareholders' equity (December 31, 2018: $8.3 million, $7.0 million, and $103.9 million, respectively).

At June 30, 2019, the Company is not subject to externally imposed capital requirements other than those stipulated by Auramet (Note 8 and Note 10).

18. Financial risk management and financial instruments

The Company's activities expose it to a variety of financial risks, including but not limited to: credit risk, liquidity risk, currency risk, interest rate risk, and price risk.

a) Liquidity risk

The Company has incurred a net loss of $2.1 million and $4.0 million for the three and six months ended June 30, 2019 ($1.3 million net loss and $3.1 million net loss, respectively, for the three and six months ended June 30, 2018), and, as at June 30, 2019, the Company has a working capital deficiency of $13.1 million (December 31, 2018 – $2.4 million) and an accumulated deficit of $469.6 million (December 31, 2018 –$465.6 million). The Company's financial liabilities and other commitments are listed in Note 16.

To manage its liquidity risk, the Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. Future financing requirements, if any, will depend on a number of factors that are difficult to predict and are often beyond the control of the Company. The main factors are the realized price of gold received for gold produced from the Company's operating mines and the operating and capital costs of those mines. Other key factors include the Company's ability to continue to renew its Brazilian facilities and manage the payment process relating to its Brazilian labour provisions (refer to Note 11).

b) Derivative financial instruments

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company's policy. The Company engages in derivative financial instruments to manage its price risk and currency risk, including gold forward contracts, gold call option contracts, and foreign exchange call and put option contracts.

1) Gold forward contracts

The Company entered into gold forward contracts to economically hedge against the risk of declining gold prices for a portion of its forecasted gold sales and recognized the income and losses of such in the condensed interim statements of operations and comprehensive income (loss). The contracts have expiry dates ranging from 30 to 90 days and orders unfulfilled prior to expiry are renewed automatically for a period equal to that contracted. The changes in the fair value of these contracts are recognized in the condensed interim consolidated statement of operations. The Company does not apply hedge accounting for these hedge instruments.

As at June 30, 2019, the Company's outstanding gold forward contracts covered 17,404 ounces hedged at a weighted average price of US$1,328/oz (December 31, 2018 – 8,801 ounces hedged at a weighted average price of US$1,260/oz) and held a $1.4 million derivative liability open loss position (December 31, 2018 – $186,000 open loss position).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

2) Gold call options

The Company entered into gold call option contracts in connection with its terms of financing and gold sales agreements and recognized the income and losses of such in the condensed interim statements of operations and comprehensive income (loss).

As at June 30, 2019, the Company also was counterparty to European style gold call options agreements outstanding issued to Auramet as disclosed in Note 10 and Note 8, and summarized below:

Expiration Date[1]	Ounces for purchase		Strike Price US$ per ounce
July 31, 2019	1,000	$	1,450
August 31, 2019	1,000	$	1,450
September 30, 2019	1,000	$	1,450
October 31, 2019	1,000	$	1,450
November 30, 2019	1,000	$	1,450
January 31, 2020	5,000	$	1,350
Total	**10,000**	**$**	**1,400**

[1] The call options are exercisable on the applicable Expiration Date only by Auramet International LLC.

As at June 30, 2019, 10,000 ounces in options remained outstanding and the Company held a $nil derivative asset and a $626,000 derivative liability and associated with the gold call options in its condensed interim consolidated statement of financial position (December 31, 2018 – $331,000 derivative asset and $143,000 derivative liability).

3) Foreign exchange call and put options

The Company entered into European style foreign exchange call and put option contracts with Western Union, holding expiration periods between 30 days and 180 days, to economically hedge against the risk of the US dollar depreciating against the Brazilian real. The changes in the fair value of these contracts are recognized in the consolidated statement of operations. The Company does not apply hedge accounting for these hedge instruments.

As at June 30, 2019, the Company´s outstanding foreign exchange call and put option hedge contracts were as follows:

Type		Volume Outstanding	Range Minimum Strike Price	Range Maximum Strike Price	Range Expiration
Call options	$	13,000,000	R$ 3.7950 / USD	R$ 4.2800 / USD	July 2019 to October 2019
Put options		13,000,000	R$ 3.7000 / USD	R$ 3.9000 / USD	July 2019 to October 2019
Total options	**$**	**26,000,000**	-	-	-

Included in the consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2019 are realized losses of $237,000 and $316,000, respectively ($1.1 million and $1.1 million, respectively, for the three and six months ended June 30, 2018), and as at June 30, 2019, the Company held a $30,000 derivative asset open gain position due from Western Union (December 31, 2018 – $278,000).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

Subsequent to June 30, 2019, the Company entered into an additional set of call and put options as follows:

Type		Volume Engaged	Range Minimum Strike Price	Range Maximum Strike Price	Range Expiration
Call options	$	5,500,000	R$ 3.9500 / USD	R$ 4.1625 / USD	November 2019 to January 2020
Put options		5,500,000	R$ 3.7500 / USD	R$ 3.8000 / USD	November 2019 to January 2020
Total options	**$**	**11,000,000**	**-**	**-**	**-**

c) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Financial instruments that impact the Company's net earnings due to currency fluctuations include: Brazilian reais and Canadian dollar denominated cash and cash equivalents, recoverable taxes, accounts payable and accrued liabilities, income taxes payable, reclamation and other provisions, deferred compensation liabilities, Euro denominated capital lease obligations, and foreign exchange call and put option contracts. As at June 30, 2019, the Company held outstanding foreign exchange contracts as detailed in Note 18(b).

d) Interest rate risk

The Company is potentially exposed to interest rate risk on its outstanding borrowings and short-term investments. The Company managed its risk by entering into agreements with fixed interest rates on all of its debt with interest rates ranging from 0% to 8.5% per annum, with the exceptions being (i) one equipment lease obligation bearing interest at a fixed rate of 22.85% per annum and (ii) the customer advance with Auramet at a rate of 7.5% plus the 12-month US dollar LIBOR rate.

e) Price risk

The Company is exposed to price risk with respect to gold prices on gold sales. The Company periodically enters into hedge contracts to manage this risk and to secure future sales terms with customers. As at June 30, 2019, the Company held outstanding gold forward contracts as detailed in Note 18(b).

f) Changes in liabilities arising from financing activities

		Changes from financing cash flows			Other changes				
	Balance as at January 1, 2019	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Right-of-use lease obligations	Foreign exchange (gain) loss	Other non-cash changes	**Balance as at June 30, 2019**
Notes payable	$ 8,344	$ 7,340	$ (2,114)	$ -	$ -	$ -	$ -	$ 399	**$ 13,969**
Right-of-use lease liabilities[1]	2,312	-	(1,277)	-	-	1,238	77	24	**2,374**
Accrued interest payable[2]	230	-	-	(265)	332	-	-	(141)	**156**
Customer advances[3]	7,000	-	-	-	-	-	-	-	**7,000**
	$ 17,886	$ 7,340	$ (3,391)	$ (265)	$ 332	$ 1,238	$ 77	$ 282	**$ 23,499**

1) Upon adoption of IFRS 16 Leases as at January 1, 2019, the Company recognized an additional $913,000 in net right-of-use lease liabilities as further detailed in Note 9.

2) Included in Accounts payable and accrued liabilities

3) Refers to the customer advance from Auramet as further described in Note 10.

19. Related party transactions

The Company incurred legal fees from Azevedo Sette Advogados ("ASA"), a law firm where Luis Miraglia, a director of Jaguar is a partner. Fees paid to ASA are recorded at the exchange amount, representing the amount agreed to by the parties and included in general and administrative expenses in the condensed interim consolidated statements of operations and comprehensive loss. Legal fees paid to ASA for the three and six months ended June 30, 2019 were $nil and $19,000, respectively ($nil and $42,000, respectively, for the three and six months ended June 30, 2018).

During the three and six months ended June 30, 2019, the Company also engaged advisory services from John Ellis, a director of Jaguar. Fees paid to Mr. Ellis are recorded in general and administrative expenses in the condensed interim consolidated statements of operations and comprehensive loss and were $20,000 and $40,000 for the three and six months ended June 30, 2019 ($nil and $nil, respectively, during the three and six months ended June 30, 2018).

On July 8, 2019, the Company closed a non-brokered private placement offering and issued a combined total of 394,117,647 common shares at a price of C$0.085 per share in exchange for aggregate gross proceeds of $25.0 million. Two related parties, Mr. Eric Sprott and Tocqueville Asset Management LP, participated in the offering. Mr. Sprott's participation increased his position of the common shares outstanding on a non-diluted basis held directly and indirectly from 21.7% to 42.6%, and Tocqueville Asset Management LP's participation maintained its position held indirectly at 19.6%.